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**BIWEEKLY REPORT**

**SINO-SOVIET BLOC  
ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS**

EIC WGR 1/155

15 January 1962

PREPARED BY THE WORKING GROUP  
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES  
IN UNDERDEVELOPED AREAS

ECONOMIC INTELLIGENCE COMMITTEE

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Summary of Events  
29 December 1961 - 11 January 1962

At the Liberation Day parade in Havana on 2 January, several types of Bloc weapons were displayed that had not previously been shown by the government. Bloc materiel now in Cuba is estimated to include 150 tanks, 500 pieces of artillery, 605 antiaircraft guns, and 45 jet fighters.

On 16 December, Foreign Minister Dantas announced Brazil's approval of the interbank trade and payments agreement signed with Communist China last summer -- the first concrete action to be taken by the present Brazilian administration on the numerous commercial agreements negotiated with the Bloc in 1961.

Private Argentine companies have contracted for Soviet heavy machinery worth \$1 million for road construction. This action is the first taken under the terms of a protocol that permitted \$68 million from the 1958 Soviet line of credit of \$100 million to be used for the purchase of heavy construction machinery outside the petroleum industry.

According to recent information, the Bloc apparently has extended to Ghana a total of at least \$182.1 million in economic credits. Of this amount, \$93.0 million is in new credits resulting from Nkrumah's trip through the Bloc in the summer of 1961.

Mali has decided to accept a Czechoslovak offer to build two peanut oil plants on credit in preference to a West German credit offer for the same project.

Cambodia may acquire jet fighters and antiaircraft guns from the Bloc because of alleged increases in overflights of Cambodian territory. About 50 guns and 2 fighters have been offered by Czechoslovakia and the USSR.

Ceylon is to import at least 1,250,000 tons of Soviet petroleum products over a 5-year period. This commitment will substantially increase Ceylon's exports to the USSR over the same period.

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Poland has extended a 10-year credit of \$2.5 million to Indonesia to help finance a plant for assembling the Polish Wilga liaison plane at Bandung.

During the past year the Bloc began preparations for a coordinated expansion of its merchant shipping activities in Southeast Asia. Initially, about 30 Soviet, European Satellite, and Chinese Communist ships apparently will be pooled into a single service with coordination exercised by headquarters in Rangoon. By means of this organization the Bloc will be able to increase its shipping activities in the Asian area as another phase of its economic penetration of Southeast Asia.

The Soviet economic plan for 1962 calls for a 6.6-percent increase in total foreign trade turnover. Deliveries of complete plant equipment to underdeveloped countries are scheduled to almost double in 1962. In large part, increased deliveries of Soviet equipment to these areas will represent implementation of existing Soviet aid programs.

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